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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X	
<b>In re</b>	<b>: Chapter 11</b>
	<b>:</b>
<b>Sears Holdings Corporation, et al.,<sup>1</sup></b>	<b>: Case No. 18-23538-rdd</b>
	<b>:</b>
<b>Debtors.</b>	<b>: (Jointly Administered)</b>
-----:	
<b>Sears Home Improvement Products, Inc.</b>	<b>:</b>
	<b>:</b>
<b>Plaintiff,</b>	<b>:</b>
<b>v.</b>	<b>: Adv. No. 20-08594-rdd</b>
	<b>:</b>
<b>APR Supply Co.,</b>	<b>:</b>
<b>Defendant(s)</b>	<b>: x</b>

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); [BlueLight.com](http://BlueLight.com), Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); [Kmart.com](http://Kmart.com) LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

**ANSWER AND AFFIRMATIVE DEFENSES**  
**OF APR SUPPLY CO.**

APR Supply Co. (“Defendant”), by and through its undersigned counsel,  
hereby files this Answer And Affirmative Defenses to the Complaint filed in the  
above captioned adversary proceeding and in support hereof states the following:

**NATURE OF THE CASE**

1. Admitted.
2. Admitted.

**JURISDICTION AND VENUE**

3. Admitted.
4. Admitted.
5. Admitted.
6. Admitted.

**PROCEDURAL BACKGROUND**

7. Admitted.
8. Admitted.
9. Admitted.
10. Admitted.

**THE PARTIES**

11. Admitted.
12. Admitted.

13. Admitted.

### **FACTUAL BACKGROUND**

14. Admitted.

15. Admitted.

16. Admitted.

17. Admitted.

18. Admitted.

19. Admitted.

20. Denied.

### **CLAIMS FOR RELIEF**

#### **First Claim for Relief**

**(Avoidance of Preference Period Transfers – 11 U.S.C. § 547)**

21. Defendant incorporates all preceding paragraphs as if fully re-alleged herein.

22. Admitted.

23. Admitted.

24. Admitted.

25. Admitted.

26. Admitted.

27. Admitted.

28. Admitted.

29. Denied. The averment set forth in this paragraph is a legal conclusion to which no responsive pleading is required.

30. Denied. The averment set forth in this paragraph is a legal conclusion to which no responsive pleading is required.

**Second Claim for Relief**  
**(Avoidance of Fraudulent Conveyances – 11 U.S.C. § 548(a)(1)(B))**

31. Defendant hereby incorporates all previous allegations as though fully set forth herein.

32. Denied.

33. Denied.

**Third Claim for Relief**  
**(Recovery of Avoided Transfers – 11 U.S.C. § 550)**

34. Defendant incorporates all preceding paragraphs as if fully re-alleged herein to the extent they are not inconsistent with allegations contained in this Third Claim for Relief.

35. Denied. The averment set forth in this paragraph is a legal conclusion to which no responsive pleading is required.

36. Denied. The averment set forth in this paragraph is a legal conclusion to which no responsive pleading is required.

37. Denied. The averment set forth in this paragraph is a legal conclusion to which no responsive pleading is required.

**Fourth Claim for Relief**  
**(Disallowance of all Claims - 11 U.S.C. § 502(d) and (j))**

38. Defendant incorporates herein by reference the averments set forth in paragraphs 1 through 20 above.

39. Denied. The averment set forth in this paragraph is a legal conclusion to which no responsive pleading is required.

40. Denied. The averment set forth in this paragraph is a legal conclusion to which no responsive pleading is required.

41. Denied. The averment set forth in this paragraph is a legal conclusion to which no responsive pleading is required.

42. Denied. The averment set forth in this paragraph is a legal conclusion to which no responsive pleading is required.

WHEREFORE, Defendant requests this Court to dismiss Plaintiff's complaint with prejudice.

**FIRST AFFIRMATIVE DEFENSE**

The alleged Transfers are unavoidable, in whole or in part, because the alleged Transfers were intended by Debtor and Defendant to be a contemporaneous exchange for new value given to Debtor and the alleged Transfers were in fact substantially contemporaneous. Defendant hereby invokes the protections afforded it under 11 U.S.C. § 547(c)(1).

**SECOND AFFIRMATIVE DEFENSE**

The alleged Transfers are unavoidable, in whole or in part, because the alleged Transfers were in payment of a debt incurred by Debtor in the ordinary course of the business or financial affairs of Debtor and Defendant; were made in the ordinary course of business or financial affairs of the Debtor and Defendant; and were made according to ordinary business terms. Defendant hereby invokes the protections afforded it under 11 U.S.C. § 547(c)(2).

**THIRD AFFIRMATIVE DEFENSE**

The alleged Transfers are unavoidable, in whole or in part, because after the alleged transfers were made, Defendant gave new value to or for the benefit of Debtor: (a) which new value was not secured by an otherwise avoidable security interest; or (b) on account of which Debtor did not make an otherwise unavoidable transfer to or for the benefit of Defendant. Defendant invokes the protections afforded it under 11 U.S.C. § 547(c)(4).

**FOURTH AFFIRMATIVE DEFENSE**

Defendant provided reasonably equivalent value to Debtor in exchange for any of the Transfers.

Respectfully Submitted:

MCNEES WALLACE & NURICK LLC

Dated: May 14, 2020

By: /s/ Clayton W. Davidson  
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing Answer and Affirmative Defenses of APR Supply Co., was served electronically via the Court's ECF System, on the date set forth below, upon the following:

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*Creditor Committee*

Date: May 14, 2020

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